



Comptroller General  
of the United States

Washington, D.C. 20548

## Decision

**Matter of:** Manufacturing Technology Solutions

**File:** B-237415

**Date:** January 22, 1990

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### DIGEST

1. Milling machine accessories required for the machine to meet solicitation specifications may properly be considered as components in determining whether their cost should be considered for purposes of determining whether the machine meets the requirement that it be manufactured domestically.

2. An agency's evaluation of a product as domestically manufactured will not be disturbed where a foreign manufactured machine iron is transformed into a finished milling machine by a domestic manufacturer who installs domestically manufactured components and the domestic components constitute more than 50 percent of the cost of the end product.

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### DECISION

Manufacturing Technology Solutions (MTS) protests the award of a contract to Foxco, Inc., under request for proposals (RFP) No. DAAD05-89-R-0891, issued by the Department of the Army for three milling machines. MTS contends that Foxco's proposal does not comply with the requirement that the milling machines be manufactured in the United States or Canada.

We deny the protest.

The RFP was issued on April 4, 1989, with award to be made to the low technically acceptable offeror. Three offerors submitted proposals in response to the RFP. Discussions were held, during which Foxco clarified the foreign and domestic content and place of manufacture of its milling machines. Best and final offers (BAFOs) were requested, and Foxco was subsequently found to be the low technically acceptable offeror. Award was made to Foxco on September 30.

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Department of Defense Federal Acquisition Regulation Supplement (DFARS) § 225.7008 (DACs 88-4 and 88-8) governs the acquisition of machine tools. This regulation limits the Army to purchasing machines manufactured in the United States or Canada, and defines such a machine as one that is manufactured in the United States or Canada and the cost of its components manufactured in the United States or Canada exceeds 50 percent of the cost of all of its components.

In its offer, Foxco certified that its machine was manufactured in the United States and that all of its components but the "base iron" were of domestic origin. Foxco also provided a listing of the cost and origin of the components which comprise its milling machines. According to the awardee, the foreign base iron component represents 45 percent of the machines' total cost, while components produced in the United States represent the remaining 55 percent of the total component cost.

MTS argues that the cost of the domestic components in Foxco's milling machines does not exceed 50 percent of the cost of all the machines' components as required by DFARS § 225.7008. MTS bases this challenge on its contention that Foxco's machines' components produced in the United States are actually machine tool accessories, rather than components, and should therefore not be considered in determining the domestic content of the milling machines. As support for its argument that milling machine accessories should not be included as machine components, MTS points to the separate federal supply classification (FSC) numbers which identify milling machines and machine tool accessories.

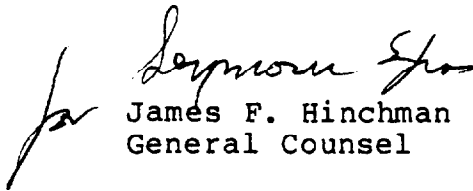
We recently rejected this identical argument in two similar protests. See A & D Machinery Co., B-234711, June 15, 1989, 89-1 CPD ¶ 566; Morey Machine, Inc., B-233793, Apr. 18, 1989, 89-1 CPD ¶ 383. In those decisions, we stated that despite the different FSC numbers, where the Army is purchasing milling machines with accessory parts which are deemed necessary for the units to comply with agency needs, it would not be reasonable to exclude the cost of these parts in determining whether the milling machines are domestic products. Morey Machine, Inc., B-233793, supra. The protester offers no reason why the same result is not appropriate here.

MTS also seems to argue that Foxco's machines do not meet the requirement for United States or Canadian manufacture, because the manufacturer is merely assembling components on the completed machine "base iron" imported from Spain.

MTS suggests that such a process cannot be regarded as manufacturing because it does not result in a substantial or fundamental change to the physical character of the imported base iron.

Again, we note that we have recently rejected this identical argument. See Morey Machinery, Inc., B-233793, supra. In that case, we held that the requirements of DFARS § 225.7008 are met where a firm assembles the components necessary to transform an imported base iron into a machine which meets solicitation specifications. We therefore see no reason to conclude that the process performed by Foxco's supplier does not constitute manufacturing.

Accordingly, the protest is denied.

James F. Hinchman  
General Counsel